



THE DETERMINANTS OF ISLAMIC BANKING PROFITABILITY IN
MALAYSIA

AINI RUWAIDA BINTI AHMAD NOR KOMAR

(2013216752)

NUR IZYAN BINTI MOHD AZIZ

(2013166729)

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

BANDARAYA MELAKA

JULY 2016

THE DETERMINANTS OF ISLAMIC BANKING PROFITABILITY IN
MALAYSIA

AINI RUWAIDA BINTI AHMAD NOR KOMAR

(2013216752)

NUR IZYAN BINTI MOHD AZIZ

(2013166729)

SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENT FOR THE BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

BANDARAYA MELAKA

JULY 2016

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

“DECLARATION OF ORIGINAL WORK”

We, AINI RUWAIDA BINTI AHMAD NOR KOMAR , (I/C Number: 941103-14-5726) and NUR IZYAN BINTI MOHD AZIZ, (I/C Number: 921227-03-5934)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any others degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

Date:

Signature:

Date:

Letter of Transmittal

July 2016

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Kampus Bandaraya Melaka
Universiti Teknologi MARA Melaka
110 Off Jalan Hang Tuah
75300 Melaka Bandaraya Bersejarah

Dear Sir/Madam,

SUBMISSION OF FINAL PROJECT PAPER

The above- mentioned matter is referred.

Attached is the project paper title **“The Determinants of Islamic Banking Profitability in Malaysia”** to fulfill the requirement needed by the Faculty of Business Administration, Universiti Teknologi MARA.

Thank You,

Sincerely,

(Aini Ruwaida Bt Ahmad Nor Komar)

Bachelor of Business Administration (Hons) Finance

(Nur Izyan Bt Mohd Aziz)

ABSTRACT

This study conducted the determinants of the Islamic banking profitability in Malaysia. 9 samples of Islamic banks with 8 years financial data will be chosen to participate in this research. This study focuses on the 9 Islamic banks which are Bank Islam Malaysia Berhad, Bank Muamalat Berhad, Affin Islamic Bank Berhad, CIMB Islamic Bank, Maybank Islamic Bank, Kuwait Finance House, RHB Islamic Bank and Al-Rajhi Bank also Hong Leong Islamic Bank. It is because these companies have long been established and also active in the industry.

The purpose of this paper is to closely examine the most influence factors that affect Islamic banking profitability. It is also to examine the relationship between the variables. This will be seen on the variables which are asset quality, bank size, financial risk and liquidity. Some tests have been run in order to get the result of the relationship between the dependent variable and independent variable.

Therefore, the result shows that all the variables are insignificant but only one is positively relationship affects Islamic bank profitability which is bank size.